

SPOKANE SCHOOL DISTRICT No. 81
Spokane County, Washington
September 1, 1992 Through August 31, 1993

Schedule Of Findings

1. The District Should Pay Significant Claims Against The District By Warrant

The district had a \$45,000 revolving checking account from which it paid nominal claims against the district. In December 1992, anticipating an unfavorable judgment against the district in Superior Court, the district deposited more than \$90,000 into the revolving checking account. Following the court's decision, the district issued six checks from the revolving checking account, totaling more than \$175,000, to the plaintiffs in the case.

RCW 28A.510.270, County treasurer's duties, states:

The county treasurer . . . shall be ex officio treasurer of the several school districts of their respective counties, and, except as otherwise provided by law, it shall be the duty of each county treasurer:

(1) To receive and hold all moneys belonging to such school districts, and to pay them only for legally authorized obligations of the district

Authority for the district to hold public moneys in an account in its own name is granted by the State Auditor. In Office of State Auditor Bulletin No. 301, Attachment 1, Paragraph III.E., Petty Cash, the State Auditor states:

For the purpose of this bulletin, petty cash includes change funds, working funds, revolving, advance travel, stamp funds, etc.; in other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses.

A large revolving checking account established to pay some of the costs of operations and maintenance, unless specifically authorized by statute, circumvents the intent of the state legislative branch that public moneys received by special purpose districts be held by the county treasurer and disbursed by warrants of the school district.

Usually, the district uses the revolving checking account to pay nominal claims that are time sensitive. The district expanded its use due to the special circumstances of the court judgment in which it was believed that payment had to be made immediately.

We recommend the district comply with the provisions of RCW 28A.510.270 by using warrants to pay all significant claims against the district.